



Kentucky Employees' Health Plan
Plan Year 2014 Open Enrollment
Road to Success Webinar

HRAs and FSAs
How They Work



Technical Information

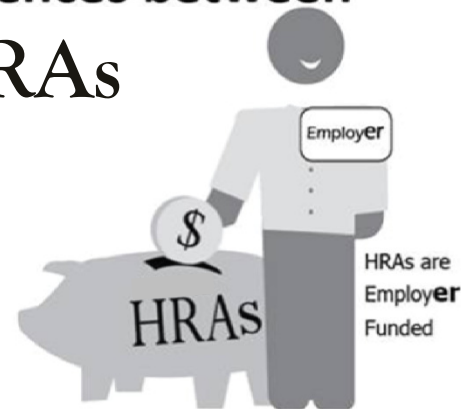
- Ask questions through computer
- Donna and I will answer as many questions as we can
- Questions left unanswered will be gathered and added to the website FAQs
- Video of all presentations will be on the KEHP.ky.gov website



What You Will Learn

- How Health Reimbursement Accounts (HRAs) and Flexible Spending Accounts (FSAs) operate
- How the HRAs and FSAs are funded – employer vs. employee
- How you can use each type of account
- How to substantiate, or verify, expenses
- How to submit for reimbursement for expenses
- Which account rolls to next plan year and which account is a use-it or lose-it account

Understanding the differences between **FSA**s and **HRA**s



	FSA Healthcare	FSA Dependent Care
Maximum Annual Contribution Amount	\$2,500	\$2,500 or \$5,000*
Do Funds Roll Over?	No	No
Description	You set aside pre-tax funds to reimburse yourself for qualified medical, dental and vision expenses.	You set aside pre-tax funds to reimburse yourself for qualified dependent care expenses.

CDHP (Embedded) HRAs	Waiver HRA	Waiver HRA Dental/Vision Only
LivingWell - \$500 Single; \$1,000 Family Standard - \$250 Single; \$500 Family	\$2,100	\$2,100
Yes	Yes	Yes
Your employer sets aside funds that you use to pay for qualified medical, dental and vision expenses. Note: for CDHP HRAs, funds used for dental and vision expenses will not reduce deductible.		Your employer sets aside funds that you use to pay for qualified dental and vision ONLY expenses.

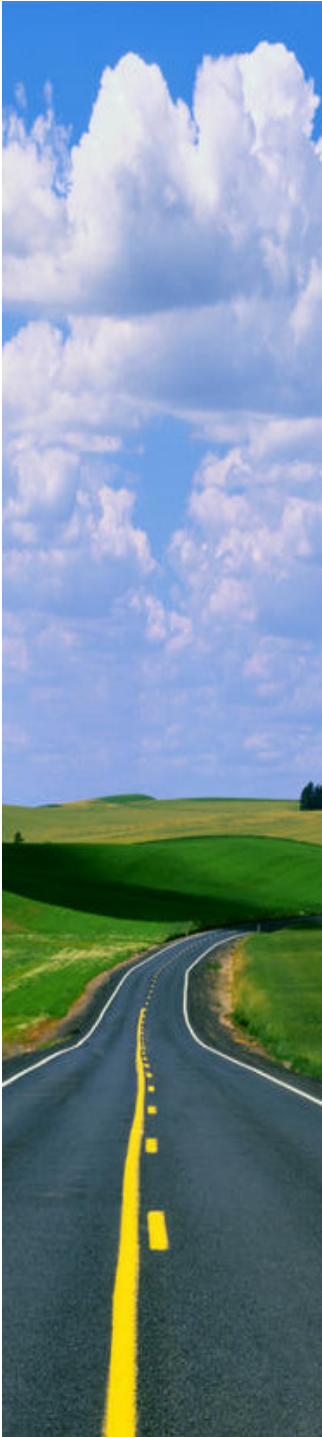
HRAs

Employer Funds	CDHP (Embedded) HRAs	Waiver HRA	Waiver HRA Dental/Vision Only
Maximum Annual Amount	LivingWell - \$500 Single; \$1,000 Family Standard - \$250 Single; \$500 Family	\$2,100	\$2,100
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HRAs

- How it works
 - Employer funds are pre-loaded onto HumanaAccessSM Visa[®] Debit Card January 1st
 - Swipe card to pay for eligible expenses
- Substantiation
 - IRS rules require you to keep your receipts to verify – or substantiate – your expenses
 - CDHP HRAs: most card swipes are verified with claims
 - Waiver HRAs: most card swipes will need manual verification because claims do not run through Humana
- Examples of substantiation documents
 - Itemized statement from provider
 - Explanation of Benefits (EOB)

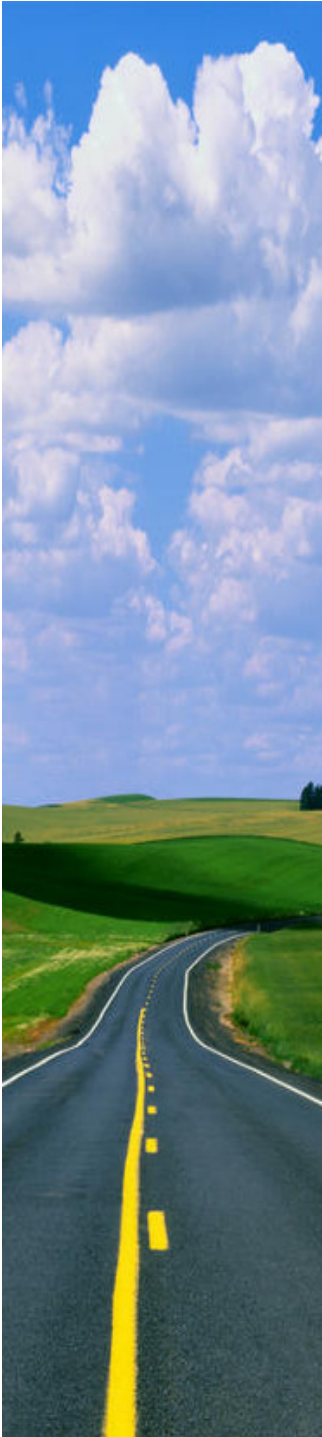




Waiver & CDHP HRAs

- Examples of covered services
 - Medical and prescription deductibles, co-payments and co-insurance
 - Certain dental fees such as cleanings, fillings and crowns
 - Orthodontic treatment
 - Vision fees including contacts, eyeglasses and laser vision correction
 - Medical supplies such as wheelchairs, crutches and walkers
 - Go to KEHP.ky.gov or MyHumana.com for detailed list

Note: only CDHP funds used for medical and pharmacy claims will offset the deductible



Waiver Dental/Vision ONLY HRA

- Examples of covered services
 - Certain dental fees such as cleanings, fillings and crowns
 - Orthodontic treatment
 - Vision fees including contacts, eyeglasses and laser vision correction
 - Go to KEHP.ky.gov or MyHumana.com for detailed list

Flexible Spending Accounts

Employee Funds	FSA Healthcare	FSA Dependent Care
Maximum Annual Contribution Amount	\$2,500	\$2,500 or \$5,000*
Do Funds Roll Over?	No	No
Description	You set aside <u>pre-tax</u> funds to reimburse yourself for qualified medical, dental and vision expenses.	You set aside <u>pre-tax funds</u> to reimburse yourself for qualified dependent care expenses (day care, after school care or adult daycare).

Flexible Spending Accounts

Employee Funds	FSA Healthcare	FSA Dependent Care
Maximum Annual Contribution Amount	\$2,500	\$2,500 or \$5,000*
Do Funds Roll Over?	No	No
Description	You set aside pre-tax funds to reimburse yourself for qualified medical, dental and vision expenses.	You set aside pre-tax funds to reimburse yourself for qualified dependent care expenses (day care, after school care or adult daycare).

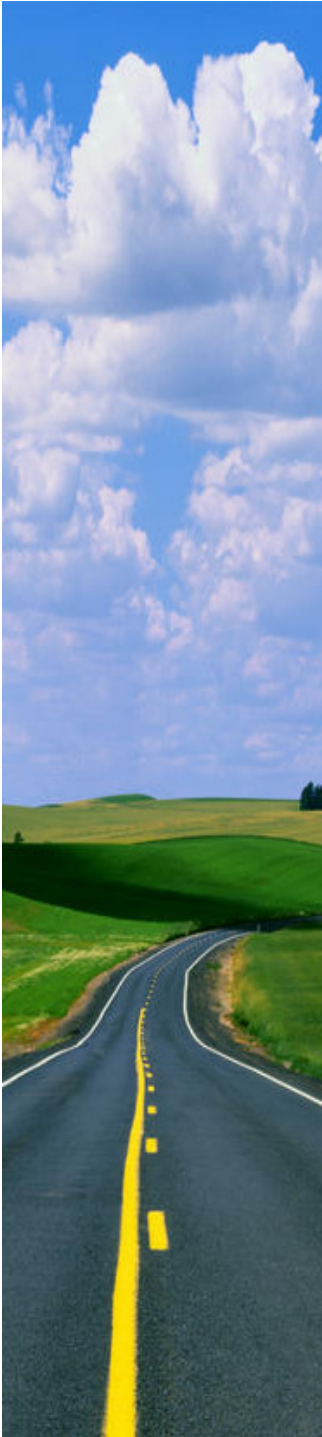
Use or Lose Accounts



Healthcare FSA

- How it works
 - Your pre-tax dollars are pre-loaded onto a HumanaAccessSM Visa[®] Debit Card January 1st
 - Swipe card to pay for eligible expenses
- Substantiation
 - IRS rules require you to keep your receipts to verify – or substantiate – your expenses
 - If you also have KEHP coverage, most card swipes are verified with claims
 - If you do not have KEHP coverage, most card swipes will need manual verification because claims do not run through Humana
- Examples of substantiation documents
 - Itemized statement from provider
 - Explanation of Benefits (EOB)





Healthcare FSA

- Examples of covered services
 - Medical and prescription deductibles, co-payments and co-insurance
 - Certain dental fees such as cleanings, fillings and crowns
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Healthcare FSA

- Use to pay for deductibles, co-insurance and co-pays

Plan Options	LivingWell CDHP		LivingWell PPO		Standard PPO		Standard CDHP	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Health Reimbursement Account (HRA)	Single \$500; Family \$1,000		Not Applicable		Not Applicable		Single \$250; Family \$500	
Annual Deductible	Single \$1,250 Family \$2,500	Single \$2,500 Family \$5,000	Single \$500 Family \$1,000	Single \$1,000 Family \$2,000	Single \$750 Family \$1,500	Single \$1,500 Family \$3,000	Single \$1,750 Family \$3,500	Single \$3,000 Family \$6,000
	Applies to both medical & prescription drug benefits		Excludes prescription drug co-pays		Excludes prescription drug co-pays		Applies to both medical & prescription drug benefits	
Annual Out-of-Pocket Maximum	Single \$2,500 Family \$5,000	Single \$5,000 Family \$10,000	Single \$2,500 Family \$5,000	Single \$5,000 Family \$10,000	Single \$3,500 Family \$7,000	Single \$7,000 Family \$10,000	Single \$3,500 Family \$7,000	Single \$7,000 Family \$10,000
Deductibles & Out-of-Pocket Maximums for In-Network and Out-of-Network providers accumulate separately and do not cross apply.								
Co-Insurance	Plan: 85% Member: 15%	Plan: 60% Member: 40%	Plan: 80% Member: 20%	Plan: 60% Member: 40%	Plan: 70% Member: 30%	Plan: 50% Member: 50%	Plan: 70% Member: 30%	Plan: 50% Member: 50%
Doctor's Office Visits	Deductible then 15%	Deductible then 40%	Co-Pay: \$25 PCP; \$45 Specialist	Deductible then 40%	Deductible then 30%	Deductible then 50%	Deductible then 30%	Deductible then 50%

Prescription Drugs	Administered by Express Scripts							
30-Day Supply								
Tier 1 - Generic	Deductible then 15%	Deductible then 40%	\$10	Not Applicable	30%	Not Applicable	Deductible then 30%	Deductible then 50%
Tier 2 - Formulary			\$35*		Min \$10–Max \$25			
Tier 3 - Non-Formulary			\$55*		Min \$20–Max \$50 Min \$60–Max \$100			
90-Day Supply (Retail or Mail Order)								
Tier 1 - Generic	Deductible then 15%	Not Applicable	\$20	Not Applicable	30%	Not Applicable	Deductible then 30%	Not Applicable
Tier 2 - Formulary			\$70		Min \$20–Max \$50 Min \$40–Max \$100			
Tier 3 - Non-Formulary			\$110		Min \$120–Max \$200			

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Combine FSA & HRA to save money



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LivingWell CDHP – Example

Family Coverage Level 	
HRA: \$1,000	
In-Network	
Annual Deductible	Single \$1,250 Family \$2,500
Annual OOP Max	Single \$2,500 Family \$5,000
Co-Insurance	85%/15%



Family Deductible: \$2,500
Amount of HRA: - \$1,000
Your Cost for Deductible: = \$1,500

Consider putting money into FSA to cover this cost



Dependent Care FSA

- How it works
 - Pay for dependent care expenses such as day care or after-school programs for dependents up to age 13, or an adult day care
 - The maximum you can contribute per year is based on your tax filing status:

Married, filing a joint return	\$5,000
Head-of-household	\$5,000
Married, filing separate returns	\$2,500
 - You must submit a statement from your day care to Humana, which reflects the amount charged for services with a HRA/FSA Reimbursement Claim Form
 - Humana will issue you a check or directly deposit your reimbursement into your checking account



HRA and FSA

- Coverage period
 - Based on calendar year – January 1 to December 31
 - You have until March 31 of the next calendar year to submit reimbursement expenses incurred during current coverage period

Example: Reimbursement for Plan Year 2013 expenses must be submitted by March 31, 2014



What We Covered

- How Health Reimbursement Accounts (HRAs) and Flexible Spending Accounts (FSAs) operate
- How the HRAs and FSAs are funded – employer vs. employee
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Reminders: Open Enrollment 2014

- Enroll or waive between Oct. 1 and Oct. 31
- Designated enrollment dates for KHRIS ESS
- Complete paper application if you cross-reference
- Review your Open Enrollment packet or go to KEHP.ky.gov for:
 - Plan information
 - Customer service hours
 - Contact information
 - FAQs and other resources